

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-08 OES-06 TRSE-00 OMB-01

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FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 3115

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E.O. 11652: N/A

TAGS: ENRG BEXP MU

SUBJECT: AMERICAN FIRM WINS ELECTRIC POWER MAINTENANCE CONTRACT

REF: 76 MUSCAT 1619

1. GLOBAL CHEMICAL SYSTEMS, INC., A CALIFORNIA-BASED FIRM NOW OPERATING A DESALTING PLANT ON MASIRAH, HAS RECENTLY BEEN AWARDED A CONTRACT TO OPERATE AND SERVICE TEN RURAL DIESEL POWER STATIONS IN OMAN. THE COMPANY WILL ALSO RUN AN ADDITIONAL 16 STATIONS NOW UNDER CONSTRUCTION. WE HAVE HEARD THAT THE TOTAL VALUE OF THE CONTRACT FOR ALL 26 STATIONS IS \$130 MILLION (R.O. 45 MILLION). THE CONTRACT WILL PROBABLY EXTEND OVER A SIX-YEAR PERIOD, SINCE THE CONTRACT STIPULATES THAT EACH STATION WILL BE MAINTAINED FOR A FOUR-YEAR PERIOD AFTER COMMISSIONING.

2. ACCORDING TO AMCIT MANAGERS OF GLOBAL CHEMICAL, THE CONSTRUCTION OF THE 26 POWER STATIONS HAS BEEN DELAYED BECAUSE OF BUDGETARY PROBLEMS. TEN STATIONS WILL BE COMPLETED SOON IN LARGER INTERIOR TOWNS SUCH AS NIZWA, RUSTAQ, AND SUR, AND THE OTHER 16 STATIONS WILL BE FINISHED IN ANOTHER TWO OR THREE YEARS. GLOBAL CHEMICAL WILL RECEIVE A \$21 MILLION PAYMENT FOR RUNNING THE TEN STATIONS IN THE FIRST TWO YEARS OF OPERATION, A SUM WHICH MAY BE INCREASED FOR THE SUBSEQUENT TWO YEARS.

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3. GLOBAL CHEMICAL SYSTEMS WON THE CONTRACT PARTLY BECAUSE THE OMAN MINISTRY OF COMMUNICATIONS WISHES TO AVOID SHODDY MAINTENANCE AND COST-CUTTING AT THE EXPENSE OF OPERATIONS. AN INDIAN FIRM AND AN OMANI FIRM UNDERBID GLOBAL CHEMICAL BY SEVERAL MILLION DOLLARS, BUT QUALITY OF SERVICE OF THESE COMPETITORS WAS SUSPECT. GLOBAL CHEMICAL WILL STAFF ITS OPERATION LARGELY WITH FILIPINOS, SINCE FILIPINOS HAVE BEEN USED

SUCCESSFULLY BY THE COMPANY ON MASIRAH ISLAND: AMCITS MAY BE
USED AS STATION MANAGERS, WHICH WOULD MAKE GLOBAL CHEMICAL
ONE OF THE LARGEST EMPLOYERS OF AMERICANS IN OMAN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Sent Date: 05-Apr-1977 12:00:00 am
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